



*Office of the United States Attorney  
District of Arizona*

FOR IMMEDIATE RELEASE  
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For Information Contact Public Affairs  
SANDY RAYNOR  
Telephone: (602) 514-7625  
Cell: (602) 525-2681

## **OFFICERS OF MORTGAGE SERVICES CORPORATION PLEAD GUILTY IN \$3.4 MILLION DOLLAR CHECK KITING SCHEME**

PHOENIX - Roger Mason, 59, former President of American Bantrust Mortgage Services Corporation (ABM) and currently of Truro, Iowa, and Sheila Johnson, 50, former Treasurer of ABM Services Corporation, of Phoenix, pleaded guilty here to Conspiracy to Commit Bank Fraud before U.S. District Judge James A. Teilborg.

Mason and Johnson pleaded guilty on Monday to an indictment issued on December 14, 2004 charging them with 14 counts of Bank Fraud and one count of Conspiracy. The charges were a result of an investigation by the FBI following the collapse of ABM Services Corporation, a mortgage processing and servicing company, and subsequent Receivership by the Arizona State Department of Banking. The collapse occurred when two financial institutions discovered a negative balance of \$3,439,409.63 in the ABM Services Corporation as a result of the check-kiting scheme. The discovery of the negative balance resulted in a loss of \$3,439,409.63 to an Arizona bank.

Mason and Johnson admitted conspiring together between December 2002 and July 2003 to fraudulently inflate the balances in ABM Services eleven bank accounts. With Mason's knowledge, Johnson wrote checks with insufficient funds to cover other checks with insufficient funds between the two banks in such a manner to conceal the fact the company had a negative balance. During the same time period, Roger Mason withdrew approximately \$1.3 million in salary advances from the company despite negative balances in the company accounts as high as \$1.7 million.

Sentencing is scheduled before Judge James A. Teilborg on March 13, 2006. A conviction for Conspiracy to Commit Bank Fraud carries a maximum sentence of five years in prison, a fine of \$250,000 or not more than twice the amount of the criminally derived property involved in the transaction or both. In determining an actual sentence, Judge Teilborg will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

The prosecution is being handled by Michelle Hamilton-Burns, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-04-1277-PHX-JAT  
RELEASE NUMBER: 2005-213(Mason, et al)

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